

(ii) Under Section 3.1.4 et seq. of Attachment VIII of MCI's Matrix, there are numerous provisions concerning transaction code status indicators not mentioned in Section 3.1.4 of Attachment VIII of Exhibit 56 or the Term Sheet.

Generally, the rest of Attachment VIII of MCI's Matrix contains language which is inconsistent with the wording in Attachment VIII of Exhibit 56. Furthermore, though MCI connects an Attachment XI to its June 16, 1997 Matrix, no such labeled matrix was attached to Exhibit 56 or the Term Sheet.

### **CONCLUSION**

MCI, as discussed above, not only did not clearly present the issues to the PSC for Arbitration, MCI did not include most of them in any documentation or supplied inconsistent positions in the Matrix of June 16, 1997 as compared to the Attachments it supplied to its Petition for Arbitration and in testimony. All of the issues which were not arbitrated or agreed upon through negotiation should be struck from MCI's "new" June 16, 1997 proposed Interconnection Agreement. If MCI believes it is being stymied from entering the local service market, the problem lies with MCI's failures to follow the requirements of the Federal Act and the PSC requirements to clarify issues presented for arbitration. MCI has not even actually presented the issues as they are now formulated under MCI's June 16, 1997 Matrix to the PSC, much less done so in a clear manner as required by the Federal Act.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing document were served to all parties on the Service List by first-class postage prepaid, U.S. Mail on July 28, 1997.

  
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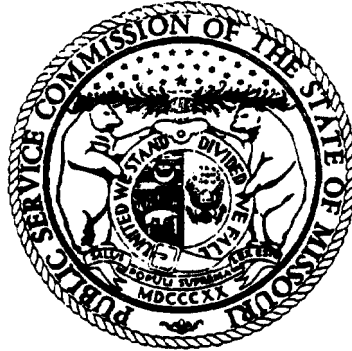
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11/17/04 10:00 AM  
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**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**



In the Matter of AT&T Communications of the  
Southwest, Inc.'s Petition for Arbitration Pursuant  
to Section 252(b) of the Telecommunications Act of  
1996 to Establish an Interconnection Agreement with  
Southwestern Bell Telephone Company.

)  
)  
) Case No. TO-97-40  
)  
)

In the Matter of the Petition of MCI Telecommunica-  
tions Corporation and Its Affiliates, Including  
MCImetro Access Transmission Services, Inc., for  
Arbitration and Mediation Under the Federal Tele-  
communications Act of 1996 of Unresolved Intercon-  
nection Issues With Southwestern Bell Telephone  
Company.

)  
)  
) Case No. TO-97-67  
)  
)  
)

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**FINAL ARBITRATION ORDER**

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**Issue Date:** July 31, 1997

**Effective Date:** August 20, 1997

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 31st  
day of July, 1997.

In the Matter of AT&T Communications of the )  
Southwest, Inc.'s Petition for Arbitration Pursuant )  
to Section 252(b) of the Telecommunications Act of ) Case No. TO-97-40  
1996 to Establish an Interconnection Agreement with )  
Southwestern Bell Telephone Company. )  
)

In the Matter of the Petition of MCI Telecommunica- )  
tions Corporation and Its Affiliates, Including )  
MCImetro Access Transmission Services, Inc., for )  
Arbitration and Mediation Under the Federal Tele- ) Case No. TO-97-67  
communications Act of 1996 of Unresolved Intercon- )  
nection Issues With Southwestern Bell Telephone )  
Company. )  
)

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**FINAL ARBITRATION ORDER**

**I. Procedural History**

On December 11, 1996, the Commission issued its Arbitration Order  
in this case. Within that order the Commission established the basis upon

which prices and discounts would be established. In response to that order, numerous motions were filed requesting various forms of relief, rehearing, reconsideration or clarification.

On January 22, 1997, the Commission issued its Order Granting Clarification And Modification And Denying Motion To Identify And Motions For Rehearing. This order modified approximately eight items from the Arbitration Order and, inasmuch as the Commission's Arbitration Order identified the rates as interim, this order set a schedule for the development of permanent rates. That schedule established a complex list of weekly tasks for the Commission's Arbitration Advisory Staff to undertake beginning February 10 with a targeted concluding date of June 30 for the issuance of permanent rates.

The complexity of the issues which were being reviewed by the Arbitration Advisory Staff and the depth of information which was available on each issue compelled the Commission to extend its own deadline in order to ensure a complete and thorough review of all cost, pricing and rate issues. As a result, on June 9 the Commission issued a Notice Regarding Schedule For Development Of Permanent Rates. At that time the Commission reiterated its original intent to announce proposed permanent rates and to allow the parties 30 days in which to respond to those proposed rates.

The Commission finds it appropriate to establish permanent rates at this time so that this matter may be resolved in such a way as to maximize the opportunities for these parties to move Missouri toward local competition. Rather than delay this matter by an additional 30 days for comment, the Commission will make this its final order. However, in the interests of due process, the Commission will allow the parties twenty days to move for reconsideration or clarification.

The process of reviewing the costs, discounts and proposed rates was designed so that Southwestern Bell Telephone Company (SWBT), AT&T Communications of the Southwest, Inc. (AT&T) and MCI Telecommunications Corporation (MCI) could designate the appropriate subject matter expert (SME) or provide documentation in support of its position. As a result, the process led to a remarkable level of open communication and cooperation between SWBT, AT&T, MCI and the Arbitration Advisors. The work which has resulted from this effort consumes several hundred pages and constitutes a thorough and exhaustive review of each and every cost factor which the Commission finds relevant to this arbitration. This "Costing and Pricing Report" is Attachment C. A similar document containing highly confidential information has been filed and provided to the parties pursuant to the Commission's procedures set out in its Protective Order.

## **II. Discussion and Findings**

The Commission finds that the discount rate for resold services should be reduced from 20.32 percent to 19.2 percent for all services except operator services and 13.91 percent for operator services only. In light of the extensive review and analysis by the Commission's Advisory Staff (see Attachment C), the Commission finds that a 19.2 percent discount rate for all services except operator services and a 13.91 percent for operator services only results in just and reasonable rates for resold basic local telecommunications services. The parties shall prepare an interconnection agreement that incorporates the rates selected in Attachment A to this Final Arbitration Order which is entitled "Resale Study for SWBT."

The Commission finds that, in light of the extensive review and analysis by the Commission's Advisory Staff (see Attachment C), certain



modifications should be made to the interim rates previously ordered for unbundled network elements (UNEs). The Commission finds that the permanent rates for UNEs, included with this Final Arbitration Order as Attachment B entitled "Permanent Prices for Unbundled Network Elements," result in just and reasonable rates. The parties shall prepare an interconnection agreement that incorporates the rates in Attachment B.

Prices for the unbundled network elements include the full functionality of each element. No additional charges for any such element, the functionalities of the element, or the activation of the element or its functionalities shall be permitted.

The Commission will direct the parties to complete interconnection agreements in full conformance with the attached document in 60 days.

The Commission finds that the attachments to this order constitute a final reconciliation of all pending issues from the original Arbitration Order as issued on December 11, 1996. The original Arbitration Order shall remain effective to the extent that it is not inconsistent with this order.

In this regard, the Commission rejects all proposed interconnection agreements previously tendered by any party. It also denies SWBT's motion to strike, AT&T's motion to establish a procedural schedule and OPC's motion agreeing to AT&T's as moot.

**IT IS THEREFORE ORDERED:**

1. That the issues set out by the parties shall be resolved consistent with this order and the attachments hereto. Southwestern Bell Telephone Company, AT&T Communications of the Southwest, Inc. and MCI Telecommunications Corporation shall negotiate a final interconnection agreement for submission to the Missouri Public Service Commission consistent with this order.

2. That the rate schedules attached to this Final Arbitration Order as Attachments A and B shall be the approved permanent rates for all the elements and services listed therein.

3. That the parties shall have until August 20, 1997 to move for reconsideration or clarification.

4. That the parties shall prepare and submit to the Commission for approval an interconnection agreement reflecting the findings embodied in this order and the permanent rates embodied in Attachments A and B.

5. That the agreement described in Ordered Paragraph 4 shall be submitted to the Commission no later than September 30, 1997.

6. That the parties shall comply with the Commission's findings on each and every issue.

7. That the Arbitration Order issued in this case on December 11, 1996 shall remain effective to the extent that it is not inconsistent with this order.

8. That any proposed interconnection agreements filed herein are rejected and all pending motions which have not been previously addressed are hereby denied.

9. That this Final Arbitration Order shall become effective on August 20, 1997.

( S E A L )

**BY THE COMMISSION**



**Cecil L. Wright  
Executive Secretary**

Crumpton, Drainer, Murray  
and Lumpe, CC., concur.  
Zobrist, Chm., concurs,  
with concurring opinion to  
follow.

## **CERTIFICATE OF SERVICE**

I, Geoffrey M. Klineberg, hereby certify that on this fourth day of August, 1997, a true and correct copy of the foregoing Response of Southwestern Bell Telephone Company in Opposition to MCI's Preemption Petition, together with the attached exhibits, was served either by hand or by overnight courier upon each of the following:


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